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News Release

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Two defendants in cigarette sales tax-evasion case are convicted

Two people involved in a conspiracy to defraud both federal and state governments by concealing cigarette sales were convicted last week in federal court.

On Dec. 7, U.S. District Judge Ann D. Montgomery found Kamil Madfoun Al-Esawi, 37, Fridley, and Musaab Fares Wazwaz, 21, Brooklyn Park, guilty of telling material lies to federal agents who were conducting an investigation of a family business in 2006. The conspiracy resulted in the loss of \$5 million.

The verdict came after a 3-day trial, which was conducted without a jury at the request of the parties.

Evidence presented at trial proved that both defendants lied to agents on Jan. 20, 2006, by telling agents with the Federal Bureau of Investigation and the Internal Revenue Service that Maplewood Tobacco, a retail tobacco store located on Rice Street in Maplewood, was owned and controlled by defendant Musaab Wazwaz. The trial evidence showed that the store was actually owned and controlled by Tawfiq Othman Wazwaz, even though defendant Musaab Wazwaz's name appeared on many of the papers related to the affairs of the store.

The defendants' misrepresentations came as the FBI and the IRS conducted an investigation of a group of individual members of the Wazwaz family who beneficially owned and controlled numerous retail tobacco stores in the Twin Cities metropolitan area but who avoided reporting the income generated by those stores on their federal income tax returns by installing people who appeared to own the stores on paper. These people did not control or financially benefit from the operation of these stores. Musaab Wazwaz was one of those people. Determining the true ownership of Maplewood Tobacco was a critical step in determining who was responsible for reporting the tax liabilities of that store.

Nine members of the Wazwaz family have pleaded guilty before Judge Montgomery to conspiring to defraud the IRS and to fraudulently withhold sales taxes owed to the State of Minnesota.

A sentencing date has not been scheduled, but both defendants face potential maximum

penalties of five years in prison.

This case was the result of an investigation by the FBI and the IRS-Criminal Investigations Division. Assistant U.S. Attorney David J. MacLaughlin prosecuted the case.